



Business Case

Project Name: Electronic Cohort Default Rate Notification for Schools

Channel: Schools

Project Sponsor: Patricia Trubia

Project Lead: Kriste Jordan

Project Description

Describe the need for change (the business problem to be addressed).

Cohort default rates provide an important tool for FSA to gauge school administrative capability. Pursuant to the requirements of 20 USC § 1085(a)(2); 1085(a)(6)(B), FSA mails the following documents to over 6,000 schools participating in the Federal Direct Student Loan (FDSL) or Federal Family Education Loan (FFEL) programs:

- (1) Spring Draft Cohort Default Rate Notification Process. FSA mails approximately 6,000 schools a copy of the school-specific loan record detail printout along with a cover letter.
- (2) Fall Official Cohort Default Rate Notification Process. FSA mails approximately 6,000 schools an eligibility notification letter. Approximately 1,200 of these schools exceed certain thresholds and FSA includes a copy of the school-specific loan record detail printout for those packages.

The semiannual mailing of school default rates is an expensive and time-consuming process. The contract costs for printing, packaging, assembling, and tracking paper amount to over \$450,000 every fiscal year. Elimination of these costs would assist FSA in meeting cost savings goals.

What is the purpose of the initiative?

The purpose of eCDR for schools is to provide a paperless cohort default rate notification process for all domestic schools. Electronic delivery of these packages will provide meaningful cost savings to FSA while maintaining program integrity and increasing customer and employee satisfaction.

What is the scope of the initiative, including what it is not?

The eCDR for schools includes information technology design, development, testing, and deployment, along with business process streamlining. The scope includes:

- Twice a year, delivering an electronic copy of (1) the cohort default rate notification letter from PEPS and (2) the loan record detail report from NSLDS to approximately 5,000 domestic schools via designated SAIG mailboxes
- Publishing an announcement in the Federal Register that will require domestic schools to participate in the eCDR for schools process

The scope of eCDR for schools will not include:

- Foreign schools-SAIG accounts are not fully available to the foreign school population. FSA will maintain the current, paper process for foreign schools until SAIG accounts become available.
- GAs and Lenders-Although FSA mails similar cohort default rate packages to 36 GAs and 4,000 lenders, not all of those entities have SAIG accounts. Staff from Partner Services have been briefed on the eCDR for schools.



What is the start date and end date of the initiative?

Initial deployment of eCDR for schools will take place in less than twelve months. The start and end dates for the major components of this initiative are:

- | | |
|------------------------------------|--------------------------------------|
| • Revision of SAIG Enrollment Form | April 2002 |
| • Detailed Design/Requirements | May –July 2002 |
| • Software Programming | July – December 2002 |
| • Publish Federal Register Notice | October 2002 |
| • Initial Deployment | February 2003 |
| • Maintenance | February 2003 and ongoing |
| • Continued Deployment | February and September of every year |

Initial deployment in February 2003 will provide the FY 2001 draft cohort default rate notification packages electronically to all domestic schools with SAIG batch ID's. For those schools that do not have SAIG batch ID's, they will continue to receive their CDR notification packages in paper format for the draft cycle; and, for the official cycle, those schools will be required to have signed up for an SAIG batch ID to receive their official CDR notification packages electronically in August/September 2003. National CDRs are at an all time low of 5.6%, and as a result, a nominal number of schools are subject to sanction, therefore minimizing our risk regarding implementation.

What other business areas/external groups are affected by the implementation of this initiative and how are they affected?

The following partners are stakeholders in the implementation of this initiative. Their needs should be incorporated into the requirements:

Schools – Under the current process, approximately 5,000 domestic schools receive hard copy cohort default rate packages twice a year. ECDR for schools will provide the CDR packages to these schools more efficiently and effectively. Receipt of packages will be more timely, delivered to the destination point identified by the school, including third party servicers, and will be in an extract form suitable for data analysis to assist the schools in participation of challenges/appeals.

FSA Schools Channel/Case Management Oversight – The Case Management Teams are responsible for determining administrative capability for schools participating in Federal Student Aid programs. Case Management staff should be brought in during the implementation phase of e-notification to ensure that other school eligibility requirements will not be compromised.

FSA CIO – CIO support will be required for the electronic delivery solution.

FSA Schools Channel/Default Management - Regulations require schools to maintain rates below certain thresholds in order to remain eligible for FDSL, FFEL, and/or Pell. Cohort default rate challenge/adjustment/appeal timeframes have triggers associated with the receipt of cohort default rate notification packages.

FSA Financial Partners Channel – Partner Services provide a smaller scale mailing twice a year to 36 guaranty agencies. In addition, Partner Services conducts a smaller scale annual mailing to 4,000 lenders. E-notification would ensure that schools could more quickly route their Loan Record Detail Reports to Lenders or GAs. Lenders and GAs would welcome this increase in efficiency. However, if e-notification is available for schools, Lenders and GAs may come to expect e-notification of their own



cohort default rates, so a parallel or complementary process for that target group could be pursued by Financial Partners after implementation of the school delivery solution.

Third Party Servicers - E-notification would ensure that schools could more quickly route their loan record detail reports to Third Party Servicers. Servicers have had a long-standing desire for such routing and would welcome this efficiency. In addition, Servicers that represent more than one school would benefit due to streamlined access to school loan record detail reports.

What systems are impacted by the implementation of this initiative and how are they impacted?

- National Student Loan Data System (NSLDS) - NSLDS is the source of the cohort default rate calculations and loan record detail reports (LRDR). Summary calculation data then feeds to other systems such as PEPS.
- Postsecondary Education Participants System (PEPS) – PEPS provides the notification letters for schools with each official cohort default rate cycle.
- Student Aid Internet Gateway (SAIG) – SAIG will set up a secure transaction delivery system that allows Schools to download their CDR Notification Package.

What business processes are impacted by the implementation of this initiative and how are they impacted?

The semiannual cohort default rate notification process would be impacted by this change. An institution's program eligibility could also be affected because schools that have rates over regulatory thresholds can be subject to loss of loan and/or Pell program eligibility.

Enterprise Impact

What are the impacts on the Enterprise from the implementation of this initiative? (Please detail decisions needed from Department)

There are several FSA relationships that will be impacted as a result of implementing this initiative at the enterprise level. A brief description follows:

FSA conducts the semiannual school cohort default rate mailing through the CSC contract. FSA will need to decide at what point should the mailing services be reduced or cease. Close coordination will be required with the CSC Contracts Officer Technical Representative (COTR), Yolanda Brooks, to ensure appropriate and timely contract modifications.

Other enterprise impacts include leveraging currently available infrastructure (SAIG) to provide improved customer service and reduction of unit cost; and all domestic schools will have to enroll on SAIG. Revision of the SAIG enrollment form must be provided to SAIG by April 30, 2002, so that the document can be updated to include the eCDR service. Additionally, given that the systems impacted by the eCDR solution, such as NSLDS and PEPS, are slated to be redesigned at a future date, all functionalities developed for the eCDR solution should be a requirement for any reengineering of these systems, without any additional investment to Default Management.

Accessibility

Please indicate how the initiative complies to accessibility guidelines. The Department and FSA's Accessibility Guidelines can be found at the following URL:



<http://connected.ed.gov/policies/index.cfm?navID=71C6D478-E6E0-4C0E-B9D1324CFF996047&menuItem=2&subMenuItem=1>

Please be sure to comment on these initiatives efforts to meet Section 508 compliance.

The mission of Section 508 is to ensure equal access through the appropriate use of information technology. Section 508 requirements apply to all Federal agencies when they develop, procure, maintain, or use electronic and information technology. Section 508 standards apply to software applications and operating systems, web-based information or applications, telecommunications products, video and multimedia products, etc.

This initiative will leverage the currently approved and available infrastructure. Furthermore, the formats for the report will comply with accessibility guidelines and 508 compliance requirements. For example, the Department of Education requires that the SAIG Web Enrollment site be compliant with Section 508 of the American with Disabilities Act. SAIG tested the web pages for this compliancy by using Bobby V3.2 freeware and corrected any problems. The standard that was used is Priority One compliancy. The Bobby software will produce a report for each page indicating the compliancy.

In addition, the FSA Download web site was also required to be compliant using Priority 1 level "blind screen reader". R&T ran the compliancy tests using the Bobby v3.2 software, downloaded from the Cast.org Web site. This software was used to evaluate the individual web pages that comprise the download site.

Technologies Used

List the proposed technologies that will be used to implement this project

Name/type	Proposed use	Has technology been used at FSA before? Where?	Does Technology fit FSA's Architecture Standard? Explain.	Does FSA have the technical expertise to implement this technology? Why?
bTrade.com's Easy Access (MF, mid-range, PC)	Client used by FSA constituents to compress, secure and encrypt FSA data transmissions	Yes, SAIG	Yes	Yes, technology already exists
bTrade.com's Secure Manager (Win95/98/2000 or NT, with ODBC driver and connection, such as Oracle)	Manage FSA constituents and trading relationships. Provides web interface for mailbox management.	Yes, SAIG	Yes	Yes, technology already exists
bTrade.com's Secure Portal (SUN)	Store and forward mechanism	Yes, SAIG	Yes	Yes, technology already exists
bTrade.com's Easy Access API	Easy Access client 'C' callable API	Yes, Edconnect software calls existing API's	Yes	Yes, technology already exists



Name/type	Proposed use	Has technology been used at FSA before? Where?	Does Technology fit FSA's Architecture Standard? Explain.	Does FSA have the technical expertise to implement this technology? Why?
Edconnect 32-bit Software	FSA constituents (PC platform use Edconnect to send and receive data).	Yes, FSA constituents currently use Edconnect to send and receive data	Yes	Yes, technology already exists
SSL 3.0	Security protocol used by EasyAccess2000	Yes, FSA web sites use this technology	Yes	Yes, technology already exists
Oracle 8i Database	Database engine	Yes, PEPS	Yes	Yes, numerous databases in use
DB2	Database engine for detail student information	Yes, NSLDS	Yes	Yes, technology already exists

Benefits

Provide a narrative discussion to explain why FSA is doing the initiative and what project objectives or expected outcomes can be quantified and how can they be measured. Demonstrate that the initiative supports the goals and objectives of FSA, how it supports these goals and objectives, to what extent it helps FSA achieve these goals and objectives and when these benefits will be realized. Also, comment on how this initiative contributes to the financial integrity of FSA's systems.

Reduce Unit Cost (HARD DOLLARS)

What is currently a semiannual paper production, packaging, and mailing process will now become a more automated, more reliable, and more secure delivery mechanism. In the current process, FSA mails a paper version of each school's (1) CDR notification letter and (2) loan record detail data twice a year. FSA uses a contractor to print, package, and mail the CDR notification packages. In addition, FSA is required to track the delivery and receipt of these packages to each school, since a school's eligibility may be at issue. By making these notification packages electronic, FSA would eliminate postage, printing, and delivery tracking costs associated with these packages, resulting in significant cost reductions. Additionally, the Federal Register notice would reduce the need to track individual notification packages.

Quantified Benefit (\$)	How will benefit be measured/realized?	When will benefit be realized?
Postage costs for mailing out CDR Notification Packages to domestic schools will be eliminated	CSC mailing cost "B" tables	Upon elimination of paper-based process



Quantified Benefit (\$)	How will benefit be measured/realized?	When will benefit be realized?
Assembly and printing costs for CDR Notification Packages to domestic schools will be eliminated	CSC mailing cost "B" tables	Upon elimination of paper-based process
Federal Register will streamline the CDR challenge/adjustment appeal process for Schools, GA's and FSA	CSC mailing cost "B" tables	Upon elimination of paper-based process
Errors with either the CDR calculation or with CDR package assembly will be less costly for FSA to remedy	FSA has experienced CDR rate recalculations and incomplete package assembly in the past. Those situations resulted in FSA incurring re-printing and re-packaging fees. Such incidents have varied from year to year, but they will no longer be a cost concern with the electronic process.	Upon elimination of paper-based process

Increase Customer Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
The CDR notification packages will be available to schools more quickly than with the paper process	Schools will have immediate, 24-hour access to the cohort default rate notification data once FSA places the files in the appropriate SAIG mailboxes.	Upon elimination of paper-based process
Schools will no longer have to calculate their challenge/adjustment/appeal deadline based on package receipt dates	The Federal Register will provide an assumed delivery window of five days. This window provides more time than the one to three day coverage delivery interval for most schools	Upon publication of the Federal Register notice
Schools are less likely to lose/misroute the original notification package	Default Management staff will experience a decreased volume of duplicate package requests	Within two weeks of the first e-notification, and each cycle thereafter
Schools experience fewer package delivery delays due to inclement weather	Schools will have immediate access to the cohort default rate notification data once FSA places the files in the appropriate SAIG mailboxes	Within two weeks of the first e-notification, and each cycle thereafter
Schools will have access to the detailed report without having to request it	Schools will not have to request detailed reports if lost or missing	Within two weeks of the first e-notification, and each cycle thereafter



Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Schools will receive data that will facilitate challenge/appeal submissions	There will be an easier method to verify borrower data	Within two weeks of the first e-notification, and each cycle thereafter
Schools can easily route data to servicers	Schools could designate servicers as a destination point	Upon elimination of paper-based process
<i>Assumptions</i>		
1. Schools will have to identify destination points on SAIG enrollment forms. 2. The eCDR solution will be able to send notifications to multiple designees at any given school.		

Increase Employee Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Default Management staff will have more time to provide value-added services to administration of default initiatives	Default Management staff will experience a decreased volume of duplicate package requests. In addition, staff will no longer be required to coordinate the mailing process and track individual delivery of rates.	Within two weeks of the first e-notification, and each cycle thereafter
Default Management staff will experience a reduced frequency of street address research tasks	Address research requests from PEPS and the mailing contractor will cease, if not, stop completely	Within two weeks of the first e-notification, and each cycle thereafter
Default Management staff will no longer need to be familiar with several different mailing tracking systems and mailer processes	Process clarification emails between the mailing contractor and Default Management staff will decrease	Within two weeks of the first e-notification, and each cycle thereafter
<i>Assumptions</i>		

OTHER COST BENEFITS: (Include Avoidance of Future Costs, Reduction to any Non- FSA entity's costs and Other Unquantified Benefits)

Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
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Quantified/Qualitative Benefit	How will benefit be measured/realized?	When will benefit be realized?
Furthering goals of item 50.8* of the FY 2002 Operating Measures And Improvement Projects	There will be a significant reduction of CDR Notification Packages in paper format.	Upon elimination of paper-based process.
Reusability of existing technologies and processes provide cost savings	Significant cost savings in not having to build new systems or create new processes	Upon elimination of paper-based process
GA's and Lenders could leverage eCDR in future	Upon successful completion of eCDR solution	Upon elimination of paper-based process
The deadlines for schools to respond will be better defined and simple to track.	The Federal Register will indicate standard timeframes for file delivery and "effective receipt date." The effective receipt date will define the start of the challenge/adjustment/appeal process timeframes for schools.	Upon elimination of paper-based process
Early implementation of Government Paper Elimination Act (GPEA) and furthering goals of item 50.2** of the FY 2002 Operating Measures and Improvement Projects. Will meet requirement by November 2003.	There will be a significant reduction of CDR Notification Packages in paper format.	Upon elimination of paper-based process
Early implementation of eGov as required by President's Management Agenda	There will be a significant reduction of CDR Notification Packages in paper format.	Upon elimination of paper-based process
Unpredictable interruptions in mail service such as anthrax threats, union strikes, or inclement weather, will no longer pose a threat to FSA, meeting the statutory cohort default rate notification requirements.	Schools will have immediate access to the cohort default rate notification data once FSA places the files in the appropriate SAIG mailboxes.	Upon elimination of the paper-based process
<i>Assumptions</i>		

*Item 50.8 – Expand enterprise-wide solution for electronic signature, (PIN, Digital Signature, Smart Cards, etc.) to several other FSA business applications by 9/30/2002.

**Item 50.2 – Identify technical infrastructure and adopt technology standards necessary to support Education's GPEA.



Estimated overall dollar amount of all benefits listed above.

Quantified Benefits (\$)						
Quantified Benefits	BY (2002)	BY+1 (2003)	BY+2 (2004)	BY+3 (2005)	BY+4 (2006)	Total
Elimination of labor and supplies costs of printing, mailing (postage/shipping), and tracking of domestic CDR Package		465,000	498,000	533,000	570,000	2,066,000
Assumptions						
<ol style="list-style-type: none">1. Assumes BY is fiscal year 2002 (October 2001 through September 2002).2. Data taken from cost estimates from B-table provided by NCS.3. Estimates are less the costs for labor and supplies costs of printing, mailing, and tracking of CDR packages to foreign schools.4. Estimates in 2003 do not represent costs of printing, mailing, and tracking of CDR packages to approximately 750 domestic schools that do not have SAIG batch ID's. These costs will be negligible, and will be reduced further as the number of schools using SAIG increases.						

Costs

Provide costs, including those to implement the initiative and the costs to support it over its useful life.

COSTS						
	BY (2002)	BY+1 (2003)	BY+2 (2004)	BY+3 (2005)	BY+4 (2006)	Total
Development	\$458,000					\$458,000
Operations						
Prod. Proc						
Key Pers.						
Ad Hoc						
Sys. Maint.						
Telecom.						
Data Center						



COSTS						
	BY (2002)	BY+1 (2003)	BY+2 (2004)	BY+3 (2005)	BY+4 (2006)	Total
Sub. Ops						
Total	\$458,000					\$458,000
Assumptions						
<ol style="list-style-type: none">1. Development costs include enhancements to the NSLDS, PEPS, and SAIG systems.2. Dollar amounts are rough estimates based on figures from NSLDS, PEPS, and SAIG system owners.						

Total Cost of Ownership

What is the level of required enhancement after implementation?

Enhancements after implementation may be required based on customer feedback and are expected to be very minimal, if any. Since the eCDR solution will be reusing a lot of existing processes and technologies, there are no foreseen enhancements needed after implementation.

What is the life span of this initiative?

The life span of this initiative is indefinite. School cohort default rate calculation and notification are statutory requirements and are not likely to be eliminated.

Alternatives

Discuss what could be done in place in this initiative and describe the consequences of each alternative.

Alternative	Consequence
Remain as-is	We continue to spend \$450,000+ per year in delivering a paper product to schools.
Enhance an existing system	There will be enhancements done to the NSLDS, PEPS, and SAIG systems.
Implement on a smaller scale	Implement a partial mailing/partial electronic pick up solution: Schools currently have access to the loan record detail report through NSLDS. Rather than provide a mechanism where the FSA pushes out a copy of the cohort default rate notification letter and loan record detail report to each school's SAIG mailbox, schools could continue to retrieve their own loan record detail data from NSLDS. Since the NSLDS to SAIG delivery



Alternative	Consequence
	mechanism already exists, additional NSLDS development costs would be eliminated. Although this solution would provide meaningful postage savings, efficiency benefits would be minimal because schools would still be dependent upon a paper notification. A fully automated push-out to SAIG would eliminate all postage costs and also offer the most efficiency gains.
<i>Assumptions</i>	
1. Since foreign schools do not have an SAIG mailbox, they will continue to receive their CDR Notification Packages in paper format, while all domestic schools will receive their CDR Notification Packages electronically.	

Risks

Risk	Description of Risk	Mitigation Strategy
Financial	<ul style="list-style-type: none">Delay in implementation will force FSA to continue to send CDR Notification Packages in paper format. As a result, total benefits will not be realized until process of sending CDR Notification Packages electronically is fully implemented.Cost estimates received for enhancing impacted systems for eCDR solution are not legally binding.	<ul style="list-style-type: none">Ensure contractors have a detail project plan and a clear scope of effort.Develop a Statement of Work immediately after funding is approved.
Technology	Impacted systems may not integrate with other systems	Review design and project plan with impacted systems, i.e., NSLDS, PEPS, and SAIG.
Scope	With such an aggressive timeline for implementation of solution, the scope of the associated activities must be carefully managed in order to ensure that FSA stays on budget, within schedule, and realize the full benefits as outlined in the business case.	Project manager will review project plan and be given a status on a regular basis to ensure all deadlines are met.
Management	Buy-in from stakeholders from all impacted groups.	All stakeholders will be informed of strategic investment in the implementation of solution, and will be recognized for the successful completion of this initiative.
Exposure	Failure to properly communicate changes to School community may have delay participation.	Develop various communication strategies of notifying School community of changes, such as through e-mails, speaking at conferences, etc.

Acquisition Strategy



Sources (Indicate the prospective sources of supplies or services that can meet the need of this project. List the most likely offerors for the requirement, and/or the manufacturer and model of the equipment that will most likely be offered).

FSA will provide the resources for design and deployment with FSA Operating Partner contributing expertise and support.

Competition (Describe how competition will be sought, promoted, and sustained throughout the course of the acquisition, including any performance requirements that will be required).

As most of the processes and technologies are currently in place, implementation of the targeted solution would only require enhancements to existing systems. FSA Operating Partner will perform system life cycle enhancements to the NSLDS, PEPS, and SAIG systems to meet the requirements for this solution.

Contract Considerations (For each contract contemplated, discuss contract type selection; use of multiyear contracting, options, or other special contracting methods, ex: performance-based).

This initiative will be contracted by FSA with FSA Operating Partner.

Schedule/Milestones (including acquisition cycle)

#	Milestone	Start Date	End Date
1	Obtain cost savings	3/11/02	3/15/02
2	Obtain cost estimates from impacted groups (NSLDS, PEPS, SAIG)	3/13/02	3/27/02
3	Develop conceptual design	3/19/02	3/22/02
4	Present draft business case to representatives from impacted groups for comments	4/08/02	4/10/02
5	Present final business case to Kay Jacks	4/12/02	4/12/02
6	Kay Jacks approves the business case proposal	4/2002	4/2002
7	Begin process to update SAIG Enrollment Form to reflect eCDR solution	4/2002	4/2002
8	Begin development	6/2002	1/2003
9	Communications to School community	6/2002	2/2003
10	Deployment of Spring CDR Notification Package to schools	2/10/03	